

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



**Medlive Technology Co., Ltd.**

**醫脈通科技有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2192)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

**FINANCIAL HIGHLIGHTS**

	<b>For the six months ended 30 June</b>		<b>Year-on-Year Change*</b>
	<b>2023 (unaudited) (RMB in thousands)</b>	<b>2022 (unaudited)</b>	<b>%</b>
Revenue	<b>173,506</b>	131,953	31.5
Cost of sales	<b>(68,283)</b>	(40,710)	67.7
Gross profit	<b>105,223</b>	91,243	15.3
Profit for the period	<b>101,659</b>	27,665	267.5
Profit attributable to owners of the parent	<b><u>98,718</u></b>	<u>26,973</u>	266.0
Non-HKFRS adjusted net profit**	<b>119,799</b>	53,954	122.0

\* Year-on-Year Change % represents a comparison between the current reporting period and the same period last year.

\*\* Non-HKFRS adjusted net profit was derived from the unaudited profit for the period adjusted by excluding the share-based compensation to key employees and foreign exchange difference.

## REVENUE BY SOLUTION CATEGORIES

	For the six months ended 30 June 2023 (unaudited)		2022 (unaudited)		Year on- Year Change*	For the year ended 31 December 2022 (audited)	
	<i>RMB</i>	%	<i>RMB</i>	%	%	<i>RMB</i>	%
<b>Revenue:</b>							
Precision marketing and corporate solutions	<b>158,097</b>	<b>91.2</b>	118,432	89.7	33.5	288,177	91.8
Medical knowledge solutions	<b>8,062</b>	<b>4.6</b>	6,424	4.9	25.5	12,261	3.9
Intelligent patient management solutions	<b>7,347</b>	<b>4.2</b>	7,097	5.4	3.5	13,616	4.3
Total	<b><u>173,506</u></b>	<b><u>100.0</u></b>	<b><u>131,953</u></b>	<b><u>100.0</u></b>	<b><u>31.5</u></b>	<b><u>314,054</u></b>	<b><u>100.0</u></b>

\* Year-on-Year Change % represents a comparison between the current reporting period and the same period last year.

## OPERATIONAL HIGHLIGHTS

The following table sets forth the major operating data of the Group:

	<b>As of 30 June 2023</b>	As of 31 December 2022
Number of registered users ( <i>in millions</i> )	<b>6.4</b>	6.2
Number of registered physician users ( <i>in millions</i> )	<b>3.8</b>	3.7
Average MAUs* ( <i>in millions</i> )	<b>2.20</b>	2.05
	<b>For the six months ended 30 June 2023</b>	2022
Number of healthcare customers of precision marketing and corporate solutions	<b>124</b>	84
Number of products of healthcare customers marketed under precision marketing and corporate solutions	<b>253</b>	181
Paid clicks ( <i>in millions</i> )	<b>4.27</b>	3.18

\* Average MAUs means the average of the number of unique registered users (without duplication) that accessed the Company's platform in each of the three months before the relevant date.

The board of directors (the “**Board**”) of Medlive Technology Co., Ltd. (the “**Company**” or “**Medlive**” or “**We**”) is pleased to announce the unaudited consolidated results (the “**Interim Results**”) of the Company and its subsidiaries (together the “**Group**”) for the six months ended 30 June 2023 (the “**Reporting Period**”). The Interim Results have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

## BUSINESS OVERVIEW AND OUTLOOK

### Business Review

In early 2023, as hospitals resumed regular diagnosis and treatments after the pandemic and the approval process for new drugs sped up, digital marketing of the pharmaceutical industry witnessed a rebound. Faced with policies with focus on optimizing medical insurance expenditures, decentralizing medical resources, and combating corruption in healthcare industry, pharmaceutical and medical device companies proactively pursued digitalization and intelligent transformation and upgrades. This has led them to continually explore more efficient and precise digital marketing models, which in turn has driven rapid growth in the digital marketing of the pharmaceutical sector.

As the leading online professional physician platform in China, the Group has focused on using technology to support physicians' clinical decision making for over 20 years. Our self-developed *Medlive* platform is widely recognized by physicians and other medical professionals in China and has become the most popular professional medical platform. As of 30 June 2023, the number of registered users through our website, desktop application and mobile application was approximately 6.4 million, approximately 3.81 million of whom were licensed physicians in China, representing approximately 86.6% of the total number of licensed physicians in China as of the same date.

With its high-quality professional medical content and rich medical tools, our *Medlive* platform meets the three major needs of physicians in clinical diagnosis, professional learning and medical research, and is embedded in the daily work of many physicians in China. In the first half of 2023, the average MAUs (without duplication) of the *Medlive* platform reached 2.20 million. With a higher coverage rate among Chinese physician users and relatively higher MAUs on our platform, we have a solid foundation for developing precision marketing solutions.

In June 2023, we acquired 50% equity interest in Beijing SCMedcon Co., Ltd.\* (北京石成醫學諮詢有限公司) (“SCMedcon”), further expanding the scope and coverage of our service offerings to the pharmaceutical and medical device companies. SCMedcon is committed to developing a healthcare ecosystem encompassing clinical institutions, clinical experts, diverse R&D institutions, patient organizations, and government regulatory bodies. Its mission is to empower pharmaceutical and medical device companies to enhance their market recognitions and foster medical dialogue and collaboration. “CMAC” is a brand established by SCMedcon. Every year, over 1,500 speakers and over 6,000 experts in the industry participated in conferences held under the “CMAC” brand. In recent years, China Innovative Medicine (Device) Medical Conference and CMAC Annual Meeting has witnessed profound development, driving high-quality advancements in domestic medical

affairs and drug research. SCMedcon has already established strategic cooperation with various pharmaceutical and medical device companies and medical industry associations. Our cooperation with SCMedcon is conducive to enhancing the quality and influence of the healthcare ecosystem for the provision of upstream and downstream integrated solutions for the medical industry.

Since the inception of the Group, we have proactively pursued technological innovation, with a strong emphasis on the seamless integration of technology and healthcare. We are committed to applying advanced technologies to various scenarios that physicians need in their daily work, such as diagnosis, medication, ward rounds, medical conferences, medical knowledge retrieval, research writing, patient management and education. We provide physicians with comprehensive clinical decision-making support, effectively solve clinical and scientific research problems faced by physicians, and help them improve work efficiency. In the first half of 2023, we continued to invest in artificial intelligence (“AI”) technology. We have fostered collaborations with various GPT model platforms at home and abroad to introduce commercial products and services enhanced by the GPT framework. We will further promote digitalization, with focus on refining content creation efficiency on our platform and enhancing intelligent user engagement, in order to deliver more diversified and efficient digital precision marketing solutions tailored for pharmaceutical and medical device companies. Moreover, we have proactively built a vertical model based on the needs of the Group’s business development. By embedding the expertise and experience from the medical sector into the model, we aim to provide the medical field with more intelligent services.

The Group generates revenue by offering three categories of solutions to address various needs of its *Medlive* platform participants, namely, precision marketing and corporate solutions, medical knowledge solutions and intelligent patient management solutions. For the six months ended 30 June 2023, the Group’s revenue was approximately RMB173.5 million, representing an increase of 31.5% as compared with the same period last year. While expanding revenue, the Group continuously enhanced its profitability. The Group’s net profit increased by 267.5% from RMB27.7 million for the six months ended 30 June 2022 to RMB101.7 million for the six months ended 30 June 2023. The net profit margin increased from approximately 21.0% for the six months ended 30 June 2022 to approximately 58.6% for the six months ended 30 June 2023, representing an increase of 37.6 percentage points. The adjusted net profit for the six months ended 30 June 2023 was approximately RMB119.8 million, representing an increase of approximately 122.0% as compared with approximately RMB54.0 million for the six months ended 30 June 2022. The adjusted net profit margin for the six months ended 30 June 2023 was approximately 69.0%, representing an increase of 28.1 percentage points as compared with approximately 40.9% for the six months ended 30 June 2022.

## ***Precision marketing and corporate solutions***

The majority of the Group's revenue comes from precision marketing solutions, which provide digital medical marketing services to pharmaceutical and medical device companies. Attributable to the post-pandemic resumption of regular diagnosis and treatments at hospitals, paired with the expedited approval process for new drugs, the product sales and marketing activities of pharmaceutical and medical device companies have regained momentum rapidly. In response to the market needs, the precision marketing and corporate solutions provided by the Group empowered our customers to maintain consistent engagement of physicians throughout the whole lifecycle of pharmaceutical and medical devices and provide compliant, precise and effective academic training for physicians, and have been widely recognized by customers in the industry. In the first half of 2023, the number of customers of these solutions was 124, increased by 40 as compared with 84 in the first half of 2022. At the same time, the number of products covered increased steadily from 181 in the first half of 2022 to 253 in the first half of 2023. For the six months ended 30 June 2023, the revenue of the Group's precision marketing and corporate solutions increased by 33.5% from the same period last year to RMB158.1 million.

We conduct thorough analysis of the academic features and life cycle of pharmaceutical and medical device products, and provide effective and results-oriented precision digital marketing services. Our digital precision marketing services offer solutions covering the whole process including the research and formulation of medical strategy, analysis of learning profile for experts and specialists, digital editing of educational content, event design and execution, precise distribution of digital educational content and evaluation of results. We establish a fully integrated internet ecosystem through *Medlive*, connecting all channels including websites, mobile APPs, social media accounts, online communities and electronic newsletters. We build a database system that encompasses massive amount of data on browsing behavior of physicians, forming rich digital behavior and cognitive profiles of physicians. Our disease knowledge base platform is a content aggregation platform as well as a personal behavior data platform for physicians. Starting from this platform, we can radiate to various scenarios including clinical research, information browsing, guideline learning, case discussion, patient education, internet diagnosis and treatment and academic conferences. Based on comprehensive and rich insights into physicians, we use AI technology to establish an analysis and content recommendation engine for physicians' online learning. The model not only meets their personalized learning needs for clinical knowledge and experience, but also effectively support the digital education of clinical physicians throughout the entire lifecycle of pharmaceutical and medical device products in core, intermediate and basic markets. This empowers the pharmaceutical and medical device companies to selectively and precisely deliver content to targeted physicians at their preferred times and through their preferred channels.

We charge the pharmaceutical and medical device companies based on the number of clicks on their paid content engaged by targeted physicians. The scale of collaboration with existing customers further expands as the number of customers and products using our solutions continue to increase. In the first half of 2023, the number of paid clicks was 4.27 million, representing an increase of 34.3% as compared with the same period last year.

We also offer various corporate solutions that enable (i) pharmaceutical and medical device companies to cost-effectively conduct market research; and (ii) pharmaceutical and medical device companies, hospitals and other stakeholders of the healthcare industry to improve the efficiency of clinical trials and medical research. In the first half of the year, we leveraged the brand image of the *Medlive* platform in the clinical research field, as well as the close collaboration with pharmaceutical and medical device companies before and after product launch, to develop real-world studies (“RWS”), trial design and protocol writing, medical monitoring and article support, data management and statistics and scientific research services for physicians, and have achieved satisfactory progress in the fields of oncology, hematology, neurology, pediatrics and cardiovascular.

As the clinical problems to be addressed by RWS become increasingly complex, the clinical scenarios become more diverse and the quality requirement for data becomes higher, we rely on our team’s rich experience in the clinical research industry, solid medical and statistical capabilities, and collaborate with pharmaceutical and medical device companies to provide customized trial design. We also provide patient follow-up process, data collection process, monitoring and medical review process design for each project based on the indications and the characteristics of research centers and patients, greatly improving the efficiency and pace of the trials. In addition, we combine RWS delivery with digital marketing, effectively integrating evidence generation from RWS with evidence-based digital marketing.

In the first half of 2023, we established the Medlive Oncology Clinical Science Committee (醫脈通腫瘤臨床科學委員會). The committee gathers top-tier experts from various fields, such as gastrointestinal cancer, hematological malignancies, urological cancer, melanoma, lung cancer, breast cancer, and gynecological cancer. Building upon the extensive collaborations established between the Group and pharmaceutical enterprises, the committee reinforces our business foundation in areas including clinical research of oncology drugs guided by clinical science, clinical development strategies for innovative drugs, clinical science advisory boards, medical monitoring, training for clinical development, and cultivation of medical professionals.

## *Medical knowledge solutions*

The Group's medical knowledge solutions satisfy the needs of physicians for continuing medical education and clinical decision support and the needs of other healthcare professionals for professional medical information. The Group's medical knowledge solutions deliver medical knowledge content through multiple user-friendly channels, including its website, mobile applications, desktop applications, WeChat mini-programs and WeChat official accounts. On the back of its cancer disease knowledge database, the Group expanded its clinical decision support products to cover other diseases and areas such as cardiovascular, endocrine, vestibular medicine, neurological infectious, mental, respiratory, digestive, obstetrics and pediatrics diseases. These coupled with the other clinical guides and clinical drug reference tools offered by the Group provide physicians with a more comprehensive clinical decision support tool at the point of care, helping them to give diagnosis and treatment in an effective and efficient manner.

To further enhance our service quality and gain a deeper understanding of the needs of physicians, we issued the first report of the Survey on Digital Life of Clinical Physicians in China (《中國臨床醫生數字生活調研》) in the first half of 2023. The survey collected data from 8,597 clinical physicians, covering more than 50 departments across 31 provincial administrative regions in mainland China. Apart from providing a comprehensive analysis of the online medical behaviors of Chinese clinical physicians, the report also conducts study of related digital platform services and features. By identifying the current challenges faced in areas such as clinical research, learning, diagnosis, and patient management, the insights from this report enable us to refine our academic information services for clinical physicians.

In the first half of 2023, the Group further consolidated our platform advantage by continuously enriching the professional medical content on our *Medlive* platform to increase the coverage and engagement of physician users. In the first half of the year, the *Medlive Knowledge Base* added disease coverage for 4 more departments, with the number of disease entries exceeding 965. Our video platform, *eBroadcasting*, added approximately 11,000 new videos, bringing the total number of videos to over 59,000. In terms of clinical guidelines, we have reinforced the strategic cooperation with the Chinese Medical Association, Wanfang Medical Database and NCCN (National Comprehensive Cancer Network of the United States). The number of clinical guidelines on our *Medlive* platform increased to 26,000.

In order to better enhance the scientific research capability of Chinese physicians, we continue to step up our strategic layout in the field of scientific research and accelerate the deployment of "scientific research efficiency enhancement" products, in order to allow digital technology to better assist clinical research. Last year, we launched the *eClinicalResearch* platform, aiming to support physicians' scientific research to be more efficient through technology, continuously expand the service model for physicians and

improve the service level of the platform. In the first half of the year, we upgraded the *eMedical Papers Service* platform, introducing the SCI manuscript submission feature with intelligent journal selection services specially designed for physicians aiming to publish their research findings in core journals. Leveraging the strengths of AI technologies, our platform empowers physicians to select the most suitable journals, thus increasing the success rate of publication and overcoming the challenges of journal selection and submission.

In 2022, the Group entered into cooperation with the National Health Commission's Capacity Building and Continuing Education Center for the initiative of Enhancing Precision Capabilities for Oncology Departments in County Medical Institutions in China (《中國縣域醫療機構腫瘤專科精準能力提升》). In the first half of 2023, we conducted research to understand the specific needs and current conditions of oncologists across county-level institutions. Through the research, we gained insights into the establishment of oncology departments, talent development, prevalent tumor types, available treatment options, and the requirements for ongoing education and training in these regions. Based on the findings, we co-published the Research Report on the State of Oncology Diagnosis and Treatment in County Areas of China (《中國縣域腫瘤診療現狀調研報告》).

### ***Intelligent patient management solutions***

The Group's intelligent patient management solutions offer comprehensive chronic disease management services, including (i) diseases knowledge dissemination and treatment compliance monitoring management services to patients through Internet hospital; and (ii) condition-specific patient education services in collaboration with non-profit organizations. The Group's Internet hospital-based chronic disease management currently focuses on breast cancer, lung cancer, ovarian cancer, Parkinson's, lymphoma, stroke and diabetes management and will gradually expand to other chronic diseases in the future. As at 30 June 2023, the Group's chronic disease management services platform had accumulated approximately 311,000 users and in addition approximately 89,000 participating physicians.

In the first half 2023, to further enhance patients' satisfaction with online consultations and address the challenges of limited high-end medical resources, our Internet hospital launched the “醫知行” expert video consultation platform. This platform congregates numerous clinical experts with deputy chief titles or above from China's top 100 hospitals. Through video consultations, we aim to closely replicate the experience of an in-person hospital visit, thus enhancing the overall user experience for healthcare consultation. Users can easily browse and select from a roster of qualified physicians on the platform, ensuring they can obtain reliable and timely responses to their health concerns.

## Business Outlook

In the future, the Group will continue its efforts to further solidify its position as the leading online professional physician platform in China by pursuing the following strategies:

- We will continue to enrich the professional medical content and product tools on our *Medlive* platform to further increase the penetration and participation of physicians. We will continue to use our insights into data to improve the accuracy and relevance of personalized content recommendations and search results. We also plan to expand the sources of content generation and provide customized medical content for physicians working in county-level areas and community hospitals. In addition, we will continue to strengthen our strategic cooperation with the Chinese Society of Clinical Oncology (“CSCO”). We plan to collaborate with CSCO for the provision of comprehensive support for clinical research of new anti-cancer drugs, continuous education of physicians and staff of pharmaceutical and medical device companies, patient education, publication and media and conference services.
- We will continue to establish the Group’s technological platform and expand its application scope. AI and machine learning have tremendous potential in the healthcare industry. We plan to increase our efforts in technology development, combining exploration of AI technology with our business to drive development, including using unique proprietary database to continuously develop innovative research tools featuring AI technology, such as AI writing assistants, to solve the efficiency dilemma for physicians in research topic selection. We will continue to establish a knowledge graph and further optimize the search and recommendation function of the 醫搜 platform through semantic and contextual links. AI technology will be fully utilized for expanding the coverage of *Medlive Knowledge Base* in respect of diseases to provide more concise and effective knowledge services for primary care physicians. We will continue to improve and enrich the *eClinicalResearch* platform, empowering physicians with digital technology to improve research efficiency. In addition, we will continue to invest in the development of AI large models in vertical aspects. During the training of these large models, we will integrate our extensive industry experience and specialized medical knowledge gained from serving pharmaceutical and medical device companies. Continuous enhancement of the prediction accuracy and response speed of the large models will also be carried out.
- We will expand the Group’s customer network and continuously develop solutions that meet customer development needs. In the future, we will closely follow the trend of digital transformation of pharmaceutical and medical device companies and continue to leverage the unique advantages of our online professional physician platform. We will further expand our coverage of physician users and pharmaceutical and medical device companies, strengthen our dual-driven business model, and facilitate the growth of our precision marketing and corporate solution business. In particular, in the field of new special drugs and medical devices, we will further leverage the advantages of

the *Medlive* platform in supporting clinical research of physicians, integrate academic resources from various associations and academic leaders in various specialty fields, and capitalize on our platform's extensive physicians resources to help pharmaceutical and medical device companies promote professional academic content to target hospitals and department physicians in both core markets and the vast primary market through a precise education system. As such, it will enable customers to penetrate the Chinese market rapidly. Efforts will be made to enhance customer loyalty through high-quality service levels, attracting more digital marketing expenditure from pharmaceutical and medical device companies. To this end, we will continue to invest in developing comprehensive solutions which comprise medical strategy, market strategy and multi-channel digital strategy. We will also add new functions to existing solutions, including designing digital marketing solutions that meet the product characteristics of oncology drugs, chronic disease drugs, rare disease drugs, over-the-counter medicines and medical devices.

- We will continuously expand the service offerings of the Group, further extend the depth and breadth of clinical research services, provide more extensive support to pharmaceutical and medical device companies in accumulating evidence through RWS, and support clinical decision-making and marketing. Leveraging the advantages of the *Medlive* platform and clinical experts, we will further consolidate our unique clinical science services to provide scientific and advanced research strategy support for clinical research. Based on the Group's overseas advantages, we will actively expand the implementation of overseas clinical trials and the establishment of overseas clinical science advisory boards. In collaboration with a member of the Group, SCMedcon, we will launch clinical research training programs aimed at benefiting clinical researchers and practitioners in the fields of clinical research of pharmaceuticals and medical devices. At the same time, we will further optimize the DCT platform, as we believe that in the future, with the increasing demand for remote and intelligent clinical trials, a localized DCT platform that meets the needs of Chinese physicians and patients will be more widely used in clinical trials. Meanwhile, we continue to leverage our model of recruiting trial participants based on a vast network of physicians and patients. On one hand, leveraging our proprietary physician database and an AI model, we match physicians with recruitment projects to obtain targeted participants more precisely. On the other hand, we use natural language processing (“NLP”) technology for structured processing of medical cases, combined with AI follow-up templates to record and analyze communication details, and establish patient profiles. This achieves precise matching between physicians, projects and patients in both directions, applying the advantages of digitalization to clinical patient recruitment. In addition, our integrated medical services include digital patient community management, patient management based on internet hospitals, patient call centers, patient self-management tools, patient education knowledge bases, patient assistance services as well as physician-patient and patient-patient interaction tools. Together with products such as patient surveys design, we form a “patient-oriented” integrated medical service that supports the full life cycle of drugs.

- Explore strategic partnerships and integrate industry resources through investments and acquisitions. Leveraging our proprietary platform of professional physicians, we aim to expand strategic collaborations with domestic and overseas authoritative institutions on the footing of our existing business. In July of this year, we established a profound strategic cooperation with the Hainan Boao Lecheng International Medical Tourism Pilot Zone Administration. This collaboration will capitalize on the policy advantages of the “pioneering and trial” approach in the Lecheng Pilot Zone, using our advanced and dynamic medical platform as the driving force, to jointly create the “Lecheng Pilot Zone Perpetual Pharmaceutical and Medical Device Exhibition and Academic Platform” (樂城先行區永不謝幕藥械展線上學術平台). It will provide efficient, professional and compliant services for physicians across the country to better understand and use pharmaceutical and medical device products in the Lecheng Pilot Zone, establishing a fast lane for medical exchanges and interactions between physicians and patients nationwide. By utilizing the “Medlive Integrated System” (醫脈通醫患一體化系統) to connect physicians and patients within and beyond the Lecheng Pilot Zone, we will meet patients’ demand for the use of special pharmaceutical products in Lecheng and connect real-world data inside and outside the island. We will also provide real-world research services based on the integration of clinical research capabilities of the Hainan Institute of Real World Research (海南省真實世界數據研究院) and Medlive, enabling us to become an important convergence point of domestic and international dual circulation in terms of pharmaceutical, medical device and clinical science innovations. In addition, taking advantage of our platform as a listed company, we will actively seek good quality target enterprises that possess high synergies with our business and further consolidate our leading position within the industry through business integration upon acquisition.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

#### Revenue

During the first half of 2023, the Group generated revenue from three solution categories, namely (i) precision marketing and corporate solutions; (ii) medical knowledge solutions; and (iii) intelligent patient management solutions. The Group's revenue increased by approximately 31.5% from approximately RMB132.0 million for the six months ended 30 June 2022 to approximately RMB173.5 million for the same period in 2023, primarily due to the revenue increase from its precision marketing and corporate solutions.

#### *Precision Marketing and Corporate Solutions*

Revenue from precision marketing solutions is primarily derived from fees paid by the Group's healthcare customers for the Group's digital detailing, digital marketing consulting and digital content creation services. Revenue from corporate solutions is primarily derived from fees paid by the Group's healthcare customers for its digital market research, electronic data capture (“EDC”) and clinical data management system (“CDMS”) solutions, RWS support solutions, patient recruitment service, as well as application software development service related to precision marketing and corporate solutions.

Revenue from precision marketing and corporate solutions increased by approximately 33.5% from approximately RMB118.4 million for the six months ended 30 June 2022 to approximately RMB158.1 million for the same period in 2023, mainly due to (i) an increase in the Group's healthcare customer base from 84 for the six months ended 30 June 2022 to 124 for the same period in 2023; and (ii) an increase in the number of healthcare products marketed using the Group's precision marketing and corporate solutions from 181 for the six months ended 30 June 2022 to 253 for the same period in 2023, resulting from user growth and increased user engagement as illustrated by the increase in number of paid clicks from approximately 3.18 million for the six months ended 30 June 2022 to approximately 4.27 million for the six months ended 30 June 2023.

#### *Medical Knowledge Solutions*

Revenue from medical knowledge solutions is primarily derived from provision of professional medical information covering continuing medical education and clinical decision support, including licensing software to physicians, other registered users, including other healthcare professionals, and pharmaceutical companies. Revenue from medical knowledge solutions increased by approximately 25.5% from approximately RMB6.4 million for the six months ended 30 June 2022 to approximately RMB8.1 million for the same period in 2023, primarily due to the Group's increased offerings of medical knowledge products as well as the introduction of a variety of membership marketing methods, effectively increasing the unit price of users.

## ***Intelligent Patient Management Solutions***

Revenue from intelligent patient management solutions was primarily derived from fees paid by non-profit organizations with medical focus and pharmaceutical companies for provision of patient education services to patients and non-profit organizations, including content development, application software development and other related services. The Group also started to generate revenue from commissions on fees paid by patients for online consultation services and prescription services on its Internet hospital since the first half of 2021. Revenue from intelligent patient management solutions increased by approximately 3.5% from approximately RMB7.1 million for the six months ended 30 June 2022 to approximately RMB7.3 million for the same period in 2023, mainly due to the gradual recovery and improvement of the emphasis on patient education and patient management by non-profit medical organizations and pharmaceutical companies after the pandemic.

### **Cost of sales**

The Group's cost of sales consists of (i) employee benefit expenses relating to salaries and benefits for employees involved in operating the Group's platform and developing content; (ii) content development cost primarily relating to fees paid to content contributors and service fees paid to content production service providers; (iii) technology service fees relating to cloud content delivery network and telecommunication services as well as licensing fees; and (iv) other expenses primarily relating to consulting fees, equipment rental expenses, travel and transportation expenses. The Group's cost of sales increased by approximately 67.7% from approximately RMB40.7 million for the six months ended 30 June 2022 to approximately RMB68.3 million for the same period in 2023. The increase was primarily due to the fact that in 2023, the cost ratio of newly acquired subsidiaries and clinical research projects is higher than that of traditional precision marketing projects, resulting in a higher rate of growth in cost as compared with the growth rate of revenue.

### **Gross profit and gross profit margin**

As a result of the foregoing, the Group's gross profit increased by approximately 15.3% to approximately RMB105.2 million for the six months ended 30 June 2023 from approximately RMB91.2 million for the same period in 2022. The Group's gross profit margin was approximately 60.6% for the six months ended 30 June 2023, which decreased from 69.1% for the same period in 2022.

## **Other Income**

Other income and gains primarily consist of (i) bank interest income; (ii) investment income from financial assets at fair value through profit or loss; and (iii) government subsidy. The Group recorded other income and gains of approximately RMB82.8 million for the six months ended 30 June 2023, compared to approximately RMB26.0 million for the same period in 2022. The increase was primarily attributable to (i) a substantial increase in interest income derived from bank deposits as a result of repeated increase in market interest rates in 2022; and (ii) recognition of government subsidy.

## **Selling and Distribution Expenses**

The Group's selling and distribution expenses primarily consist of (i) expenses for promotion activities to drive user growth and engagement; (ii) employee benefit expenses relating to salaries and benefits for employees in selling and distribution functions; and (iii) other expenses primarily relating to business development expenses. The Group's selling and distribution expenses decreased by approximately 0.7% from approximately RMB16.1 million for the six months ended 30 June 2022 to approximately RMB16.0 million for the same period in 2023, primarily due to the Group's vigorous implementation of various cost reduction and efficiency improvement measures to effectively control the growth of selling and distribution expenses.

## **Administrative Expenses**

The Group's administrative expenses primarily consist of (i) research and development costs primarily relating to salaries and benefits for employees in research and development functions; (ii) employee benefit expenses relating to salaries and benefits for employees in management as well as general and administrative functions; (iii) depreciation of assets, which includes depreciation of right-of-use assets relating to the Group's leases and depreciation of property, plant and equipment; (iv) taxes and surcharges; (v) maintenance expenses primarily relating to technology and telecommunication service fees, as well as service fees for outsourced administrative services; and (vi) other expenses primarily relating to rent, travel and transportation expenses and general office expenses. The Group's administrative expenses increased by approximately 12.6% from approximately RMB51.0 million for the six months ended 30 June 2022 to approximately RMB57.4 million for the same period in 2023, primarily due to recognition of (i) increased expenses in maintaining and upgrading the *Medlive* platform, in particular, the investment in vertical large models in the medical field has increased; and (ii) increase in research and development fees, while other administrative expenses have been effectively controlled.

## **Finance Costs**

The Group's finance costs consist of finance costs allocated from lease payments. Finance costs are charged to profit or loss over the lease periods so as to produce a constant periodic rate of interest on the remaining balance of the liabilities for each period. Lease liabilities decrease over the periods of the leases, resulting in higher finance costs at the beginning of lease periods. The Group's finance costs decreased by approximately 30.9% from approximately RMB0.3 million for the six months ended 30 June 2022 to approximately RMB0.2 million for the same period in 2023.

## ***Profit Before Tax***

As a result of the foregoing, the Group's profit before tax increased by approximately 202.9% from approximately RMB33.9 million for the six months ended 30 June 2022 to approximately RMB102.7 million for the same period in 2023.

## ***Income Tax Expenses***

The Group's income tax expense decreased by approximately 83.9% from approximately RMB6.2 million for the six months ended 30 June 2022 to approximately RMB1.0 million for the same period in 2023, primarily because during the first six months of 2022, the share options granted under the Pre-IPO Share Option Scheme have not commenced vesting and exercise and the related share-based compensation is not eligible for income tax deduction whereas after the commencement of vesting and exercise of share options in July 2022, share-based compensation is eligible for income tax deduction, resulting in a reduction in income tax expenses.

## ***Profit for the Period and Profit Attributable to Owners of the Parent***

As a result of the foregoing, the Group's profit for the period increased by approximately 267.5% from approximately RMB27.7 million for the six months ended 30 June 2022 to approximately RMB101.7 million for the same period in 2023 and the Group's profit attributable to owners of the parent increased by approximately 266.0% from approximately RMB27.0 million to approximately RMB98.7 million.

The Group's net profit margin (calculated on the basis of the profit for the period) increased by 37.6 percentage points from approximately 21.0% for the six months ended 30 June 2022 to approximately 58.6% for the same period in 2023.

## *Non-HKFRS Measures — Adjusted Net Profit*

To supplement the Group’s consolidated financial statements which are presented in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”), the Company also used unaudited non-HKFRS adjusted net profit as an additional financial measure in order to evaluate its financial performance by eliminating the impact of items that it does not consider indicative of the performance of its business. The term “adjusted net profit” is not defined under HKFRS. Other companies in the industry which the Group operates in may calculate such non-HKFRS item differently from the Group. The use of adjusted net profit has material limitations as an analytical tool, as adjusted net profit does not include all items that impact the Group’s net profit for the Reporting Period and should not be considered in isolation or as a substitute for analysis of the Group’s results as reported under HKFRS.

The following table sets out the calculation of adjusted net profit for the periods indicated:

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>RMB’000</b>	<b>RMB’000</b>
Profit for the period	<b>101,659</b>	27,665
Add:		
Share-based compensation	<b>6,376</b>	10,629
Foreign exchange difference	<b>11,764</b>	15,660
Adjusted net profit	<b><u>119,799</u></b>	<b><u>53,954</u></b>

The adjusted net profit for the six months ended 30 June 2023, adjusted by excluding share-based compensation to key employees and foreign exchange difference, was approximately RMB119.8 million, which was approximately 122.0% higher than the adjusted net profit of approximately RMB54.0 million for the first half of 2022.

The adjusted net profit margin for the six months ended 30 June 2023 was approximately 69.0%, up 28.1 percentage points from approximately 40.9% for the same period in 2022.

## **Liquidity and Capital Resources**

For the six months ended 30 June 2023, the Group financed its operations primarily through cash generated from the Group’s operating activities and the net proceeds received from the global offering of shares of the Company (the “**Global Offering**”). The Group intends to finance its expansion and business operations using a combination of cash generated from operating activities and the net proceeds received from the Global Offering.

The Group has adopted a prudent financial management approach towards its treasury policy. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities, and other commitments can meet its funding requirements from time to time.

The net proceeds received by the Company from the Global Offering which are not yet put into use have been placed in fixed deposits with licensed financial institutions. Please refer to the section headed "Use of Proceeds from the Global Offering" for details regarding the use of idle proceeds from the Global Offering.

### ***Cash and cash equivalents***

The Group operates its business in the PRC and its transactions and revenue were primarily denominated in Renminbi. As such, the Group did not have material exposure to fluctuations in foreign currency exchange rates for cash generated from its operating activities. However, the net proceeds received by the Company from the Global Offering are denominated in Hong Kong dollars and the Company is exposed to fluctuation of exchange rate between Renminbi and Hong Kong dollars. As at 30 June 2023, the Group had cash and cash equivalents of approximately RMB4,373.3 million, which primarily consisted of cash at bank, as compared to approximately RMB4,187.3 million as of 31 December 2022. As at 30 June 2023, around 32.4% of the Group's cash and cash equivalents are denominated in Hong Kong dollars, around 9.8% are denominated in RMB and around 57.8% are denominated in US dollars.

The Group currently does not have any hedging policy for foreign currencies in place. However, the Board will remain alert to any relevant risks and, if necessary, consider to hedge any material potential foreign exchange risk.

### ***Borrowings***

During the six months ended 30 June 2023, the Group did not have any short-term or long-term bank borrowings and had no outstanding bank and other borrowings and other indebtedness apart from lease liabilities for the relevant lease terms amounting to approximately RMB0.2 million in aggregate.

### ***Gearing ratio***

The gearing ratio, which is calculated by dividing borrowings by total equity, was zero since there was no debt as of 30 June 2023.

### ***Charge on assets***

As of 30 June 2023, the Group did not pledge any of its assets.

### *Capital expenditures*

For the six months ended 30 June 2023, the Group's capital expenditure amounted to approximately RMB46.7 million, which mainly comprised capital expenditures recorded for the acquisition of 60% interest in Beijing Medcon Information Consulting Co., Ltd.\* (北京美迪康信息諮詢有限公司) and 50% interest in SCMedcon and expenditures on IT equipment, as compared to approximately RMB45.6 million for the same period in 2022. The Group funded its capital expenditure by using the cash flow generated from its operations and the net proceeds received from the Global Offering.

### *Contingent liabilities and guarantees*

As of 30 June 2023, the Group did not have any significant unrecorded contingent liabilities, guarantees or any material litigation against the Group.

### *Material acquisitions or disposals and future plans for major investment*

On 12 June 2023, Kingyee (Beijing) Co., Ltd. (金葉天成(北京)科技有限公司) (“**Kingyee Beijing**”), an indirect wholly-owned subsidiary of the Company, entered into an equity transfer agreement pursuant to which Kingyee Beijing acquired 50% equity interest of SCMedcon for a cash consideration of RMB65,000,000.

SCMedcon is principally engaged in the business of organising medical exhibition conferences and exchange meetings for pharmaceutical and medical devices companies and institutions serving the medical industry, and provision of related medical training services and medical content services. Utilising the expertise of its employees, SCMedcon is also engaged in the provision of a comprehensive range of management consulting and medical technology services to pharmaceutical and medical devices companies such as the production of medical knowledge materials and medical data management and analysis.

The sellers of the 50% interests in SCMedcon have undertaken to ensure that the accumulated audited net profit of SCMedcon for the four years ending 31 December 2023, 2024, 2025 and 2026 in total shall be no less than RMB58,080,000 (the “**Guaranteed Profit**”). The cash consideration of RMB65,000,000 is payable in five instalments. The first instalment of RMB35,750,000 has been paid. The remaining amount is payable over the next four years after the audited financial results of the Group and SCMedcon for the relevant year have been issued. The consideration may be adjusted downwards if the Guaranteed Profit is not met.

The sellers have also granted an option to Kingyee Beijing so that if less than 55% of the Guaranteed Profit is met, Kingyee Beijing has the right, but not an obligation, to require the sellers to repurchase interests in SCMedcon held by Kingyee Beijing. Further details of the acquisition are set out in the Company's announcement dated 12 June 2023. The acquisition completed in June 2023.

The Group will continue to selectively pursue suitable strategic investments and acquisitions that can generate convincing synergies with the Group's existing solutions offerings, expand its customer base and/or enhance its technological capabilities. The Group will utilize proceeds from the Global Offering for the purpose of any such acquisition.

### **Employees and Staff Costs**

As of 30 June 2023, the Group had a total of 668 full time employees, all of whom, except for one employee based in Hong Kong, were located in mainland China. In particular, 153 employees are responsible for the Group's content management, 216 employees for platform operation and customer service, 158 employees for research and development, 71 employees for general and administration and 70 employees for sales and marketing. The total staff cost incurred by the Group for the six months ended 30 June 2023 was approximately RMB67.1 million compared to approximately RMB67.8 million for the same period in 2022. The decrease was primarily due to the Group fully implementing various measures to reduce costs and increase efficiency, striving to improve human efficiency and reduce costs.

The Group provides orientation and training to new recruits as well as ongoing in-house training for junior employees, which the Group believes can enhance the skills and productivity of its employees. The Group compensates employees with base salaries and performance-based bonuses. The Company has also adopted a pre-IPO share option scheme, a post-IPO share option scheme and a share award scheme to incentivize employees and senior management and to align their interests with that of the Company.

Further details of the principal terms of the abovementioned share incentive schemes are set out in the 2022 annual report of the Company.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the six months ended 30 June*

	<i>Notes</i>	<b>2023</b> <i>RMB'000</i> <b>(Unaudited)</b>	2022 <i>RMB'000</i> <b>(Unaudited)</b>
<b>REVENUE</b>	4	<b>173,506</b>	131,953
Cost of sales		<b>(68,283)</b>	(40,710)
Gross profit		<b>105,223</b>	91,243
Other income and gains	4	<b>82,848</b>	26,033
Selling and distribution expenses		<b>(16,000)</b>	(16,115)
Administrative expenses		<b>(57,420)</b>	(50,988)
Other expenses		<b>(11,796)</b>	(16,000)
Finance costs		<b>(195)</b>	(282)
Share of profit of an associate		<b>3</b>	—
<b>PROFIT BEFORE TAX</b>	5	<b>102,663</b>	33,891
Income tax expense	6	<b>(1,004)</b>	(6,226)
<b>PROFIT FOR THE PERIOD</b>		<b><u>101,659</u></b>	<b><u>27,665</u></b>
Attributable to:			
Owners of the parent		<b>98,718</b>	26,973
Non-controlling interests		<b>2,941</b>	692
		<b><u>101,659</u></b>	<b><u>27,665</u></b>

	<i>Note</i>	<b>2023</b> <b>RMB'000</b> <b>(Unaudited)</b>	2022 <b>RMB'000</b> <b>(Unaudited)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of the Company's financial statements into presentation currency		<u>146,835</u>	<u>191,838</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>		<u>146,835</u>	<u>191,838</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<u><b>248,494</b></u>	<u><b>219,503</b></u>
Attributable to:			
Owners of the parent		<u>245,553</u>	218,811
Non-controlling interests		<u>2,941</u>	<u>692</u>
		<u><b>248,494</b></u>	<u><b>219,503</b></u>
<b>EARNINGS PER SHARE</b>			
<b>ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
Basic	8	<u><b>RMB13.75 cents</b></u>	<u>RMB3.78 cents</u>
Diluted	8	<u><b>RMB13.39 cents</b></u>	<u>RMB3.65 cents</u>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		<b>30 June 2023</b>	31 December 2022
	<i>Notes</i>	<b>RMB'000 (Unaudited)</b>	<b>RMB'000 (Audited)</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>2,898</b>	3,268
Right-of-use assets		<b>8,712</b>	11,304
Goodwill		<b>170,682</b>	111,518
Other intangible assets		<b>29,357</b>	24,336
Investment in an associate		<b>358</b>	355
Time deposits		<b>93,966</b>	92,438
Deferred tax assets		<b>9,461</b>	8,283
		<hr/>	<hr/>
Total non-current assets		<b>315,434</b>	251,502
<b>CURRENT ASSETS</b>			
Inventories		<b>209</b>	199
Trade receivables	9	<b>91,575</b>	95,079
Contract assets		<b>43,148</b>	29,132
Prepayments, other receivables and other assets		<b>19,458</b>	10,413
Financial assets at fair value through profit or loss		<b>39,650</b>	29,640
Cash and cash equivalents		<b>4,373,272</b>	4,187,264
		<hr/>	<hr/>
Total current assets		<b>4,567,312</b>	4,351,727
<b>CURRENT LIABILITIES</b>			
Trade payables	10	<b>3,679</b>	2,709
Other payables and accruals		<b>97,333</b>	85,913
Contingent consideration payables		<b>42,768</b>	13,956
Lease liabilities		<b>4,317</b>	5,136
Tax payable		<b>20,784</b>	25,032
Due to a related party		<b>280</b>	—
Dividend payable		<b>46,678</b>	—
		<hr/>	<hr/>
Total current liabilities		<b>215,839</b>	132,746
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		<b>4,351,473</b>	4,218,981
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>4,666,907</b>	4,470,483
		<hr/>	<hr/>

		<b>30 June 2023</b>	31 December 2022
	<i>Note</i>	<b>RMB'000 (Unaudited)</b>	<b>RMB'000 (Audited)</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		<b>4,216</b>	6,126
Contingent consideration payables		<b>18,221</b>	27,803
Deferred tax liabilities		<b>3,129</b>	4,640
		<hr/>	<hr/>
Total non-current liabilities		<b>25,566</b>	38,569
		<hr/>	<hr/>
Net assets		<b>4,641,341</b>	4,431,914
		<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>			
Equity attributable to owners of the parent			
Share capital	11	<b>45</b>	45
Reserves		<b>4,606,229</b>	4,400,978
		<hr/>	<hr/>
		<b>4,606,274</b>	4,401,023
		<hr/>	<hr/>
Non-controlling interests		<b>35,067</b>	30,891
		<hr/>	<hr/>
Total equity		<b>4,641,341</b>	4,431,914
		<hr/> <hr/>	<hr/> <hr/>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 1. Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022.

## 2. Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKFRS 17	<i>Insurance Contracts</i>
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform — Pillar Two Model Rules</i>

The nature and impact of the new and revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept

of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. Since the Group's policy aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.
- (d) Amendments to HKAS 12 International Tax Reform — Pillar Two Model Rules introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted

or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

### 3. Operating segment information

For management purposes, the Group is not organised into business units based on their services and only has one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

### 4. Revenue, other income and gains

An analysis of revenue is as follows:

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2023</b>	2022
	<i><b>RMB'000</b></i>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Revenue from contracts with customers	<u><b>173,506</b></u>	<u>131,953</u>

## Revenue from contracts with customers

### (a) *Disaggregated revenue information*

	For the six months ended	
	30 June	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Type of goods or services</b>		
Precision marketing and corporate solutions	158,097	118,432
Medical knowledge solutions	8,062	6,424
Intelligent patient management solutions	7,347	7,097
	<u>173,506</u>	<u>131,953</u>
<b>Geographical markets</b>		
Mainland China	167,421	122,353
Overseas	6,085	9,600
	<u>173,506</u>	<u>131,953</u>
<b>Timing of revenue recognition</b>		
Services transferred at a point in time	129,518	97,598
Services transferred over time	43,988	34,355
	<u>173,506</u>	<u>131,953</u>

### (b) *Performance obligation*

Information about the Group's performance obligation is summarised below:

#### *Application software development service*

The performance obligation is satisfied over time as services are rendered or at the point in time when services are accepted according to the agreement. Payment is generally due within 120 days from the date of billing, except for certain customers, where payment in advance is required.

### *Software licensing service*

The performance obligation is satisfied over time as services are rendered and payment in advance is normally required.

### *Patient counselling service*

The performance obligation is satisfied over time as services are rendered and payment is generally due within 120 days from the date of billing.

### *Other services*

The performance obligation is satisfied at a point in time when the individual service is rendered and payment is generally due within 120 days from the date of billing.

An analysis of other income and gains is as follows:

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Other income		
Bank interest income	<b>82,002</b>	19,514
Government grants*	<b>364</b>	5,476
Investment income from financial assets at fair value through profit or loss	<b>367</b>	384
Others	<b>115</b>	659
	<b><u>82,848</u></b>	<b><u>26,033</u></b>

\* The government grants mainly represent incentives awarded by the local governments to support the Group's operation. There were no unfulfilled conditions or contingencies attached to these grants.

## 5. Profit before tax

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended	
	30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Cost of services provided	68,204	40,669
Cost of inventories sold	79	41
Research and development costs	18,587	16,844
Impairment of trade receivables, net	—	155
Loss on disposal of items of property, plant and equipment	—	8
Foreign exchange difference, net	11,764	15,660
Equity-settled share award expense	6,376	10,629
	<u>68,204</u>	<u>40,669</u>

## 6. Income tax expense

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The Group calculates the income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim condensed consolidated statement of profit or loss and other comprehensive income are:

	For the six months ended	
	30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current tax — Mainland China charge for the period	3,693	7,944
Deferred tax	(2,689)	(1,718)
	<u>3,693</u>	<u>7,944</u>
	<u>(2,689)</u>	<u>(1,718)</u>
Total tax charge for the period	<u>1,004</u>	<u>6,226</u>

## 7. Dividends

On 9 June 2023, a final dividend for the year ended 31 December 2022 of RMB6.54 cents per ordinary share (2021: RMB1.70 cents), amounting to RMB46,677,648, has been approved by the shareholders at the annual general meeting of the Company. The 2022 final dividend was paid in July 2023.

On 29 August 2023, the board of directors has resolved to declare an interim dividend of RMB10.67 cents per ordinary share (six months ended 30 June 2022: Nil), amounting to a total of approximately RMB77,580,000 (six months ended 30 June 2022: Nil).

## 8. Earnings per share attributable to ordinary equity holders of the parent

The calculation of the basic earnings per share amount is based on the profit attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 717,912,514 (2022: 713,225,500) in issue during the period. The number of shares for the current period has been arrived at after eliminating the shares held under the share award scheme.

The calculation of the diluted earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent	<b><u>98,718</u></b>	<b><u>26,973</u></b>

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Unaudited)
<b>Shares</b>		
Weighted average number of ordinary shares in issue used in the basic earnings per share calculation	<b>717,912,514</b>	713,225,500
Effect of dilution — weighted average number of ordinary shares arising from share options	<u><b>19,151,527</b></u>	<u>25,650,856</u>
	<u><b>737,064,041</b></u>	<u>738,876,356</u>

## 9. Trade receivables

	<b>30 June</b>	31 December
	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Audited)
Trade receivables	<b>92,576</b>	95,893
Impairment	<u><b>(1,001)</b></u>	<u>(814)</u>
	<u><b>91,575</b></u>	<u>95,079</u>

The Group's trading terms with its customers are mainly on credit. The credit terms granted generally ranged up to 180 days, depending on the specific payment terms in each contract. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
Within 6 months	<b>88,927</b>	94,533
6 to 12 months	<b>2,380</b>	131
1 to 2 years	<b>219</b>	397
2 to 3 years	<b>49</b>	18
	<b><u>91,575</u></b>	<b><u>95,079</u></b>

## 10. Trade payables

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
Within 3 months	<b>2,879</b>	2,516
3 to 6 months	<b>472</b>	82
6 to 12 months	<b>281</b>	89
Over 1 year	<b>47</b>	22
	<b><u>3,679</u></b>	<b><u>2,709</u></b>

Included in the Group's trade payables were amounts due to M3, Inc., a shareholder of the Company of RMB582,000 (31 December 2022: RMB276,000), which are repayable on demand.

The trade payables are non-interest-bearing and are normally settled within one year.

## 11. Share capital

	<b>30 June 2023 US\$ (Unaudited)</b>	31 December 2022 US\$ (Audited)
Authorised:		
50,000,000,000 ordinary shares of US\$0.00001 each	<u><b>500,000</b></u>	<u>500,000</u>
Issued and fully paid:		
720,334,000 (2022: 717,348,000) ordinary shares of US\$0.00001 each	<b>7,203</b>	7,173
Equivalent to RMB	<u><b>45,000</b></u>	<u>45,000</u>

On 21 January 2022, the Company issued 500,000 ordinary shares with par value of US\$0.00001 each pursuant to the share award scheme of the Company adopted by the board of directors with effect from 24 December 2021.

In July and October 2022, the Company issued 1,867,500 and 1,755,000 ordinary shares with par value of US\$0.00001 each, respectively, for the exercise of share options under the Company's share option scheme.

In April and May 2023, the Company issued 2,441,000 and 545,000 ordinary shares with par value of US\$0.00001 each, respectively, for the exercise of share options under the Company's share option scheme.

## 12. Commitments

At the end of the reporting period, the Group did not have any significant commitments.

## **OTHER INFORMATION**

### **INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS**

The Board has resolved to declare an interim dividend of RMB0.1067 (equivalent to HK\$0.1165 based on the rate of HK\$1.0917 to RMB1.00, being the official exchange rate of HK dollars against Renminbi as quoted by the People's Bank of China on 28 August 2023) per Share. The interim dividend will be paid in Hong Kong dollars at HK\$0.1165 per Share. The interim dividend will be paid on or around 4 December 2023 to shareholders whose names appear on the register of members of the Company on 13 November 2023. The register of members of the Company will be closed from 9 November 2023 to 13 November 2023 (both days inclusive), for the purpose of determining shareholders' entitlements to the interim dividend. In order to qualify for the interim dividend, all transfer documents, accompanied by relevant share certificates, must be lodged for registration with the Company's Hong Kong share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on 8 November 2023.

Going forward, the Company will continue to formulate its dividend plan in light of its operation needs, earnings, financial condition, working capital requirements and future business plans, market conditions affecting the Company and other factors as the Board may deem relevant at such time.

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the Reporting Period.

### **USE OF PROCEEDS FROM THE GLOBAL OFFERING**

The shares of the Company were listed on the Stock Exchange on 15 July 2021. The net proceeds from the Company's global offering (including the exercise of the over-allotment option) was approximately HK\$4,677 million (the "**IPO Proceeds**"), which were to be utilized for the purposes as set out in the prospectus of the Company dated 30 June 2021 (the "**Prospectus**"). On 12 June 2023, the Company announced re-allocation of the use of the IPO Proceeds, the extension of timing of the use of the IPO Proceeds and the possible utilisation of idle IPO Proceeds to subscribe for or purchase wealth management products (the "**Announcement**"). For further details and reasons for such changes, please refer to the Announcement. The following table shows a summary of the allocation of the intended use of the IPO Proceeds as adjusted and set out in the Announcement, and the utilization as at 30 June 2023:

Intended use of IPO Proceeds	Allocation of intended use of IPO Proceeds (as adjusted) (HK\$ millions)	Utilization as at 30 June 2023 (HK\$ millions)	Remaining balance as at 30 June 2023 (HK\$ millions)	Expected time of use
<b>A. Business Expansion</b>				
(1) enhance medical knowledge solutions of the Company and enrich medical knowledge information and tools on the platform of the Company	280.7	26.3	254.4	before December 2027
(2) improve patient care offerings	187.1	5.1	182.0	before December 2027
(3) strengthen intelligent clinical research solutions	140.3	6.0	134.3	before December 2027
(4) strengthen the relationships with the existing customers of the Company and develop and attract additional customers in pharmaceutical, biotechnology and medical device industries	187.1	40.9	146.2	before December 2027
(5) enhance user growth and engagement through targeted sales and marketing activities	140.3	24.8	115.5	before December 2027
<b>B. Investment in technology and enhancement of research and development capabilities</b>				
(1) recruit talent and collaborate with experts	467.7	77.2	390.5	before December 2027
(2) develop and expand the application scenarios of technology of the Company, particularly, machine learning, natural language processing, knowledge graph and user understanding	374.2	14.9	359.3	before December 2027
(3) build up the data center of the Company and strengthen the computing power and storage capabilities of the IT infrastructure of the Company	93.6	9.2	84.4	before December 2027
<b>C. Pursue strategic investments or acquisitions opportunities</b>	2,338.6	177.1	2,161.5	N/A
<b>D. General replenishment of the working capital of the Company and for other general corporate purposes</b>	467.7	105.0	362.7	N/A
<b>Total</b>	<b>4,677.3</b>	<b>486.5</b>	<b>4,190.8</b>	

As at 30 June 2023, unutilised IPO Proceeds were deposited with licensed financial institutions and no IPO Proceeds have been used for the subscription or purchase of wealth management products.

## **EVENTS AFTER THE REPORTING PERIOD**

There was no important event affecting the Group which occurred after the end of the Reporting Period up to the date of this announcement.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

During the Reporting Period, the Company has complied with the applicable code provisions as set forth in the Corporate Governance Code contained in Appendix 14 (the “**Corporate Governance Code**”) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), except for a deviation from code provision C.2.1 which requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Ms. Tian Liping (“**Ms. Tian**”) is the chairwoman and chief executive officer of the Company. With extensive experience in the medical information technology industry, Ms. Tian is responsible for formulating and implementing the overall development strategies and business plans of the Group and oversees the overall development and operations of the Group. Ms. Tian founded the Group in 1996 and is instrumental to the Company’s growth and business expansion since its establishment. The Board considers that vesting the roles of chairwoman and chief executive officer in the same person is beneficial to the management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced and high-calibre individuals. The Board currently comprises four executive directors (including Ms. Tian), two non-executive directors and three independent non-executive directors and therefore, in the Company’s view, has an appropriate level of independence element in its composition.

The Board will continue to review and monitor the practices of the Company for the purpose of complying with the Corporate Governance Code and maintaining a high standard of corporate governance practices of the Company.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors’ securities transactions. All directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code during the Reporting Period.

## **AUDIT COMMITTEE**

The Company has established the Audit Committee with written terms of reference in compliance with the Rule 3.21 of the Listing Rules and the Corporate Governance Code. As of the date of this announcement, the Audit Committee comprises three independent non-executive directors of the Company, namely, Ms. Wang Shan, Mr. Richard Yeh and Dr. Ma Jun. Ms. Wang Shan is the chairwoman of the Audit Committee.

The Audit Committee has reviewed the Interim Results, and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made.

## **CHANGE IN DIRECTORS' BIOGRAPHICAL DETAILS UNDER RULE 13.51B(1) OF THE LISTING RULES**

Dr. Li Zhuolin resigned as a non-executive director of the Company with effect from 14 April 2023.

Mr. Kazutaka Kanairo was appointed as a non-executive director of the Company with effect from 14 April 2023.

Mr. Richard Yeh was appointed as an independent non-executive director of ADICON Holdings Limited with effect from 24 June 2021. ADICON Holdings Limited (stock code: 9860) became a Hong Kong listed company on 30 June 2023.

Save as disclosed above, there has been no change in the directors' biographical details which are required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules.

## **PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT**

This announcement is published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and that of the Company (<http://ir.medlive.cn>). The interim report of the Company for the six months ended 30 June 2023 will be despatched to the shareholders of the Company and will be available on the website of the Stock Exchange and that of the Company in due course.

\* *For identification purposes only*

By order of the Board  
**Medlive Technology Co., Ltd.**  
**Tian Liping**  
*Chairwoman and Chief Executive Officer*

Hong Kong, 29 August 2023

*As of the date of this announcement, the Board comprises Ms. Tian Liping, Mr. Tian Lixin, Mr. Tian Lijun and Ms. Zhou Xin as executive directors; Mr. Eiji Tsuchiya and Mr. Kazutaka Kanairo as non-executive directors; and Mr. Richard Yeh, Dr. Ma Jun and Ms. Wang Shan as independent non-executive directors.*